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Rep. Charlie Brown, Chair
Rep. William Crawford
Rep. Susan Crosby
Rep. John Day
Rep. Craig Fry
Rep. Brian Hasler
Rep. Win Moses
Rep. Rolland Webber
Rep. Vaneta Becker
Rep. Robert Behning
Rep. Timothy Brown
Rep. Mary Kay Budak
Rep. David Frizzell
Rep. Gloria Goeglein
Rep. Nick Gulling
Sen. Steven Johnson, Vice-Chair
Sen. Beverly Gard
Sen. Teresa Lubbers
Sen. Morris Mills
Sen. Marvin Riegsecker
Sen. Richard Worman
Sen. Joseph Zakas
Sen. Glenn Howard
Sen. Earline Rogers
Sen. Vi Simpson
Sen. Mark Blade
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Commission



HEALTH FINANCE COMMISSION

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MEETING MINUTES

Meeting Date: September 1, 1998
Meeting Time: 1:00 P.M.
Meeting Place: State House, 200 W. Washington St.,
House Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Rep. Charlie Brown, Chairperson; Rep. William Crawford; Rep. Win Moses; Rep. Brian Hasler; Rep. Susan Crosby; Rep. John Day; Rep. Rolland Webber; Rep. Timothy Brown; Rep. Mary Kay Budak; Rep. Robert Behning; Rep. Gloria Goeglein; Sen. Teresa Lubbers; Sen. Marvin Riegsecker; Sen. Beverly Gard; Sen. Richard Worman; Sen. Joseph Zakas; Sen. Glenn Howard; Sen. Vi Simpson; Sen. Earline Rogers; Sen. Robert Hellmann; Sen. Mark Blade.

Members Absent: Rep. Vaneta Becker; Rep. Craig Fry; Rep. Nick Gulling; Rep. David Frizzell; Sen. Steven Johnson, Vice-Chairperson; Sen. Morris Mills.

Rep. C. Brown, Chairman, called the meeting to order at 1:15 P.M. and introduced the topic of managed care issues. Rep. C. Brown asked Liz Carroll, Chief Deputy Commissioner, Indiana Department of Insurance, to begin her testimony. Ms. Carroll stated that she would describe the Department's progress in drafting the HMO grievance rule which will take effect 1/1/99. Ms. Carroll distributed three handouts.¹ Ms. Carroll discussed the handouts as follows: 1) an executive summary; 2) the grievance

¹The handouts distributed by Ms. Carroll are on file in the Legislative Information Center, Room 230, State House, Indianapolis, Indiana. The telephone number of the Legislative Information Center is (317) 232-9856 and the mailing address is 200 W. Washington St., Ste. 301, Indianapolis, Indiana 46204-2789.

report form for use by plans when they file their annual report of grievances with the Department; and 3) a snapshot report on Indiana HMOs. In response to a question from Rep. C. Brown, Ms. Carroll stated that the HMOs are required to keep a register of grievances received and the Department can inspect the register, but there is no formal audit to ensure complete reporting by HMOs. In response to a question from Sen. Worman, Ms. Carroll stated that HMO enrollees are notified of the HMO grievance procedure through HMO publications and enrollment verification cards received by enrollees, and through postings required to be in a public place at provider offices.

Ms. Carroll provided 2 handouts reflecting the 1997 Complaint Index for HMO premium and for accident and health insurer premium.² The documents compare complaint indexes of individual HMOs and of individual accident and health insurers. In response to questions from Rep. C. Brown, Rep. Crawford and Sen. Riegsecker, Ms. Carroll stated the following: 1) complaints must be filed with the Department in writing; 2) anyone may file a complaint; 3) the process after receiving a complaint is that the Department sends the information to the HMO or insurer for a response and if no response is forthcoming the issue goes to the enforcement division of the Department; 4) enforcement does occur; 5) the industry average for the complaint index is 1.00 and an index higher than 1.00 indicates a higher than expected number of complaints and vice-versa; 6) when a HMO or insurer is much higher or lower than the expected index of 1.00 the Department looks at the complaints for that HMO or insurer to determine if there are any patterns, whether there is an violation of law or whether the HMO or insurer's performance could have been better; and 7) the Department receives more complaints per premium dollar for insurers than it does for HMOs.

In response to questions from Rep. T. Brown, Sen. Gard, and Sen. Riegsecker, Ms. Carroll stated that: 1) the National Association of Insurance Commissioners (NAIC) is working on a national database through which a comparison of HMO's and insurer's grievance reports can be made; 2) this database should be available for input of data in 1999, but it is unknown when the NAIC will be able to generate reports from the database; 3) Indiana is on track with other states in development in this area; 4) the Department should soon be able to categorize types of complaints, but it is sometimes difficult to get sufficient information from consumers to allow categorization; 5) complaint forms on the Department's internet site should help with categorization; and 6) complaint indexes cannot be used to compare HMOs to insurers due to the way premium dollars are reported.

Rep. C. Brown raised the issue of HMOs paying only for a generic, even when the physician prescribes a brand name without allowing for substitution, and pharmacists possibly filling the prescription with a generic due to only receiving payment for the generic from the HMO. Ms. Carroll and Sen. Simpson responded that SEA 364-1998 allows HMOs to have a drug formulary and must provide for nonformulary drug prescribing as well.

Paul Chase, Public Policy Liaison for AIDServe Indiana; Member, Indiana Task Force

²Copies of the handouts are on file in the Legislative Information Center (see footnote 1).

on Managed Care Issues, spoke about the current HMO grievance law.³ Mr. Chase stated that the statutory definition of "grievance" is somewhat vague, but the definition in the Department of Insurance rule is more clear. He explained that the Task Force recommends that a medically qualified individual review complaints/grievances received by the Department. Mr. Chase also addressed the issue of a definition of "medical necessity". He expressed the belief that if there were an objective process to determine medical necessity, the number of grievances filed would decrease. Mr. Chase referred to an article in the Sunday, August 30, 1998, issue of the Indianapolis Star regarding HMO grievances. Rep. C. Brown requested that staff provide copies of the article to members of the Commission who did not see the article.⁴ In response to a question from Sen. Lubbers, Mr. Chase stated that the Task Force is loosely constructed with voluntary membership from a broad segment of the population.

Julia Vaughn, Citizens' Action Coalition; Member, Indiana Task Force on Managed Care Issues, stated that there are four general issues with regard to data collection efforts as follows: 1) Are Indiana HMOs capable of gathering, processing and easily reporting the type and amount of information required under SEA 364-1998?; 2) Does the Department of Insurance have the resources to formulate report cards and disseminate the information and, if not, can the General Assembly obtain the resources needed?; 3) Will outpatient providers collect data needed as part of the HMO data gathering?; and 4) Can internally done customer satisfaction surveys be trusted?

Ms. Vaughn provided a handout of Maryland's report card which includes data collected on HMO's in Maryland.⁵ Ms. Vaughn mentioned that producing such information would be something that Indiana should consider. In response to questions from Sen. Simpson, Sen. Blade and Rep. Crawford, Ms. Vaughn stated that: 1) SEA 364-1998 does require Health Employer Data and Information Set (HEDIS) data collection; 2) some consumers would use a report card, others would not, but Indiana should start moving in this direction; 3) if an employee has no choice of plans, but uses the report card information, the employee might influence the employer to look at other plans; and 4) the employer community would probably utilize a report card before individual consumers would.

In response to questions from Sen. Lubbers, Ms. Carroll and Greg Schenkel, Indiana Association of HMOs, stated that HEDIS consists of quality measures and customer satisfaction survey results, and that a minority of HMOs in Indiana are National Committee for Quality Assurance (NCQA) accredited, but a majority are moving toward accreditation.

In response to questions from Rep. Behning and Sen. Worman, Ms. Vaughn stated that

³A copy of Mr. Chase's testimony is on file in the Legislative Information Center (see footnote 1).

⁴A copy of the article was forwarded to Commission members on September 3, 1998, and is on file in the Legislative Information Center (see footnote 1).

⁵A copy of the Maryland report card distributed by Ms. Vaughn is on file in the Legislative Information Center (see footnote 1).

a survey of Kaiser enrollees showed that enrollees were more interested in quality of care than cost of care in determining which HMO to choose and that a simpler version of the report card would be possible. Rep. Behning mentioned that when individuals pay the premiums cost may become more important. Sen. Worman expressed his belief that a simpler version of the report card would be more efficient and useful.

Rep. C. Brown requested that Jerry Payne, Secretary/Treasurer, AFL-CIO, begin his testimony. Mr. Payne provided two handouts to the Commission.⁶ Mr. Payne described seven principles to guide efforts to improve quality and affordability of health care: 1) universal health care; 2) quality; 3) consumer choice; 4) consumer protections; 5) accessible medical care; 6) confidentiality and privacy; and 7) quality of the health care workforce. He pointed to the Quality Checklist handout and explained that this checklist might be useful for individuals not represented by unions in choosing health care providers. There was general discussion regarding universal health care and waiting lists for treatment.

Greg Schenkel, Executive Director, Indiana Association of HMOs, agreed that the top priority should be quality health care. He stated that in the past data has been available in a variety of formats with little ability to compare HMOs on an "apples to apples" basis. Mr. Schenkel stated that recent legislation has improved the future of reporting and that consistent, accurate and reliable data is needed from providers, hospitals and others, in addition to HMOs. He expressed the belief that HMOs will be able to comply with data collection requirements in the future, but that the Department of Insurance has a very large task and resources to enable the Department to accomplish the task are very important. He pointed out that recent legislation has led to a requirement for some type of report card and that it takes time to obtain all of the information that will be needed.

In response to questions from Sen. Worman, Rep. T. Brown, and Sen. Simpson, Mr. Schenkel stated that: 1) it is up to the State to determine the type of report card that would be produced by the State; and 2) customer satisfaction surveys must be conducted by an independent organization for NCQA accreditation and are subject to audit by NCQA. Rep. C. Brown asked about pharmacists substituting generic drugs when brand name is specified by the physician due to HMOs not paying for brand names. Mr. Schenkel stated that he was unaware of this type of occurrence, but would look into it. Sen. Simpson asked how many HMOs are currently accredited in Indiana. Mr. Schenkel stated that Department of Insurance figures show that 8 HMOs have either 3 year or 1 year NCQA accreditation.

Rep. C. Brown informed the Commission that the next meeting will be September 22, 1998, at 10:00 A.M. in the House Chambers and will cover non-profit hospital conversions and public testimony on CHIP. Rep. Brown also requested that the members contact Ann Naughton, Staff Attorney for the Commission, to inform her of whether they plan to attend the September 30, 1998, meeting in Evansville.

⁶Copies of the handouts provided by Mr. Payne are on file in the Legislative Information Center (see footnote 1).

Rep. C. Brown introduced Katie Humphreys, Chairperson, Governor's Panel on the Children's Health Insurance Program (CHIP), and asked Ms. Humphreys to provide some information regarding the Panel subcommittee reports provided to the Commission members⁷.

Ms. Humphreys explained that the reports provide the information referenced by Ms. Humphreys at the Commission meeting on August 11, 1998. Ms. Humphreys spoke about the Outreach, Education and Communication subcommittee report and mentioned marketing, expansion of the Hoosier Healthwise program, eligibility and enrollment processes, and education recommendations. She next spoke on the Benefits and Cost Sharing subcommittee and mentioned limited benefits to more children and recommended premium contributions with limited copayments. She discussed the Eligibility and Crowdout subcommittee topics of waiting periods and defining "crowdout" as replacing private insurance with public insurance. Ms. Humphreys discussed the Coordination, Infrastructure, Provider Supply, Community Systems subcommittee and mentioned: 1) examination of a separate administrative structure for all children's health insurance programs; 2) maximization of utilization technology; 3) different, nonintrusive methods of enlisting schools; 4) coordination with local community agencies; 5) improved provider supply strategies; 6) prioritization of using the 10% administrative funds; and 7) increasing prevention programs.

In response to a question from Sen. Riegsecker, Ms. Humphreys stated that there is much support for providers becoming enrollment centers. In response to a question from Sen. Simpson, Lauren Polite, Legislative Liaison, Family and Social Services Administration, stated that Women, Infants and Children (WIC) offices will soon be able to act as intake offices and will be "quasi enrollment centers". Ms. Polite stated that the WIC offices will not be performing all of the follow-up activities required in the enrollment process, but will perform part of the enrollment process.

In response to questions from Rep. Crawford, Sen. Simpson, and Rep. Budak, Ms. Humphreys stated that the Panel will receive a "blueprint" with specific subcommittee recommendations stemming from the subcommittee reports and the Panel may adopt recommendations at a meeting on September 17, 1998. She added that recommendations will also come to the General Assembly.

With no further business to discuss, Rep. Brown adjourned the meeting.

⁷Copies of the subcommittee reports provided to Commission members are on file in the Legislative Information Center (see footnote 1).